

Perspectives

FOR ACTIVE
MEMBERS
OF THE
NORTH DAKOTA
PUBLIC
EMPLOYEES
RETIREMENT
SYSTEM

SUMMER 2004 • VOLUME 27, NUMBER 2

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Chairman

Sandi Tabor

Attorney General Appointee

Dr. Terry L. Dwelle

State Health Officer

Members Elected:

Rosey Sand, Howard G. Sage,

David Gunkel, Ron Leingang

Sparb Collins

Executive Director

Kathy M. Allen

Editor

NDPERS Deferred Compensation Plan Record Keeper/Administrator Change

We are pleased to announce that effective August 1, 2004 Fidelity Investments will be the new provider of mutual funds and recordkeeping services for the North Dakota Deferred Compensation Companion Plan. As part of its fiduciary responsibility to you, the PERS Board's policy is to send out a Request for Proposals (RFP) for our provider services every six years. Based on the responses to that RFP and a comprehen-

sive review by the Board and its consultant, Fidelity was selected as the new service provider for this plan for the next six years. With the move to Fidelity, we are also expanding and changing our Companion Plan investment options and services. While PERS is excited to work with Fidelity for the next six years, we do want to express our appreciation and thanks to VALIC for its services as the provider over the last six years.

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Ron Leingang Elected to the Board



Ron Leingang was elected to a five-year term as the retiree representative on the NDPERS Retirement Board. His term is effective July 1, 2004 and ends June 30, 2009. Ron is retired from the Department of Human Services and previously served on the Board as an elected active member. The following is a recap of the election results:

NAME	NUMBER OF VOTES
Ron Leingang	1,237
Invalid Ballots	9
Write-In Ballots	8
Received after Deadline	19
TOTALS	1,273

David Gunkel Re-elected to the Board



David Gunkel was re-elected to another five-year term on the NDPERS Retirement Board. His term is effective July 1, 2004 and ends June 30, 2009. David is employed by the Supreme Court. The following is a recap of the election results:

NAME	NUMBER OF VOTES
David Gunkel	988
Invalid Ballots	12
Write-In Ballots	10
Received after Deadline	9
TOTALS	1,019

Thank you Weldee!

Weldee Baetsch's term as the elected retiree representative on the NDPERS Board concluded on June 30, 2004. Weldee served on the Board for five years. The PERS staff and board extend their appreciation to Weldee for his contributions and dedication during this term on the Board.



Annual Statements

The 2003-2004 Annual Statement of Account for PERS active and deferred members were mailed the first week of August. The statements are also available to view through NDPERS Online Benefit Services. An insert sheet called "Reading Your Annual Statement" is included. This sheet will navigate you through the annual statement and will address most general questions. Please be sure to review this information before calling the PERS office.

If you do not receive an annual statement by the middle of September, please check with the PERS office in case the statement was returned due to an incorrect address. Returned annual statements are sent to your employer for distribution. Any name or address change to your records must be sent to PERS in writing. A Notice of Change SFN 10766 should be completed and submitted to our office. Also, if you want to update your beneficiary(ies), please complete a Designation of Beneficiary for the Group Retirement Plan SFN 2560 and/or Life Insurance Designation of Beneficiary Change SFN 53855. If you misplace your annual statement, you can print a duplicate through NDPERS Online Benefit Services. For instructions on how to access this site, please refer to the "New On-Line Services" article on page 5.

2005 Annual Enrollment Season 2005 Plan Year

This year's Annual Enrollment Season will begin Friday, October 1 and end Monday, November 15, 2004. An Annual Enrollment notification is scheduled to be mailed in late September. The information will include instructions on how to access the enrollment forms from the PERS website for the FlexComp, health, life, dental, vision and long-term care plans. In addition, information pertaining to the Annual Enrollment Season will be posted on the PERS website.

Wellness Benefit Program

Welcome to PERS 5 A Day Program!

We are excited to announce a new program that is available to state agencies and participating political subdivisions in the state's group health plan. The program is called PERS 5 A Day Challenge. The PERS 5 A Day Challenge uses information and strategies of the national 5 A Day for Better Health program, the nation's largest public-private nutrition education initiative. ***This program is not available on an individual basis; it must be conducted as an on-site program available to the employer group.***

What is the 5 A Day Challenge?

It is an incentive program that helps motivate people to increase their servings of fruits and vegetables consumed daily. The PERS 5 A Day Challenge program has been developed for North Dakota through the collaboration of the North Dakota Department of Health, the NDSU Extension Service and the Healthy North Dakota Initiative.

How does the program work?

The program consists of two on-site educational sessions presented by a

public health nutritionist or extension professional. Each participant attending the first educational session will receive a 5 A Day Challenge kit which includes educational and motivational materials about healthy eating habits and ways to increase the daily servings of fruits and vegetables, personal goal setting and tools for tracking progress. The educational sessions will also feature the presentation of fresh and tasty food samples and recipes. The PERS 5 A Day Challenge runs for four weeks.

Is funding available? There is funding available through the NDPERS Wellness Benefit Program.

How do we apply for the challenge program?

Volunteer or appoint someone to be the program coordinator. Applications for the 5 A Day Program will be accepted by the NDPERS office from August 1, 2004 through June 30, 2005. To obtain an application and additional information, please send your request to the PERS office either in writing or by e-mail to ndpers@state.nd.us.

NDPERS Deferred Compensation Plan Record Keeper/Administrator Change

Continued from cover

Due to our change to Fidelity as the Companion Plan record keeper, plan participants were subjected to a transition period. The transition was the period of time during which plan participants were unable to make any transactions. Information about the transition can be viewed on the NDPERS web site at www.discovernd.com/ndpers and click on "The Companion Plan Transition" or you may view the web cast by clicking on the "Payroll Conference July 22, 2004" broadcast and go to "PERS Companion Plan Transition."

As part of its fiduciary responsibility, the Board also put the following services out for bid:

NDPERS 401(a) Defined Contribution Plan

The PERS Board sent out a Request for Proposals (RFP) for our defined contribution plan record keeping services. Based on the responses to the RFP and a comprehensive review by the Board and its consultant, Fidelity was selected to continue as the provider for this plan for the next six years.

NDPERS Group Health Insurance Plan

Our current contract with Blue Cross Blue Shield was for a six-year period and expires on June 30, 2005. A Request for Proposals was sent out in mid-May. The deadline for submitting proposals was July 21, 2004. The bids will be

Summary of Primary Legislation Proposals

PUBLIC EMPLOYEES RETIREMENT SYSTEM

System	Sponsor	Description
PERS and Highway Patrol	PERS	Retiree Increase: Retirees would get a single lump payment equal to 50% of their monthly retirement benefit in either January of 2006 or January of 2007 if the market rate of return for the previous year's actuary report is 11.2% or greater. This payment would occur in only one year during the biennium if returns are sufficient.
PERS and Highway Patrol	PERS	3% Increase in Final Average Salary: That all active members of the systems on August 1, 2005 would have their final average salary adjusted by 3% in computing their retirement benefit. The purpose of this proposal is to recognize that many members did not get a general salary increase during the 2003-2005 biennium and, consequently, their retirement benefit did not grow as expected. This change would adjust for the loss of a general salary increase and continue a normal progression in the retirement benefit.
PERS Highway Patrol Judges and Job Service Group Health Plan	PERS	Increase the Retiree Health Benefit and the Retiree Health Contribution: Increase the retiree health benefit from \$4.50 to \$5 and to increase the employer contribution from 1% to 1.45% of payroll. This proposal recognizes that the health credit has not increased since 1991 while the cost of the pre-Medicare and Medicare family premiums has increased. This proposal will allow an immediate increase in the credit and the increased contributions will allow the system to continue to increase the credit in the upcoming years (every 2 to 4 years) if returns average over 9%.
PERS Hybrid & Defined Contribution & Highway Patrol	PERS	Veterans Reemployment: Change the veteran's employment provisions which will allow an employer to pay the employee portion of the retirement contribution for a returning veteran who qualifies pursuant to USERRA. Present law requires the returning veteran to pay the employee portion. The proposal also allows employers to make payment for past service if they so elect.
Defined Contribution Plan	PERS	Temporary Employee Participation: That members who are no longer full-time employees, but rather temporary employees, be allowed to continue participation in the defined contribution plan. Under existing law they would have to join the PERS hybrid plan and they are not able to maintain the continuity of participation in a single retirement plan.

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evaluated by our consultant, Gallagher Benefit Services and we expect to award the contract(s) by September 30, 2004.

Retirement & Uniform Group Insurance Plans

Consulting services for the retirement systems managed and administered by PERS and the Uniform Group Insurance Plans were sent out to bid earlier this year. The Segal Company retained the contract for consulting services for the retirement systems, the retiree health credit program, and the FlexComp plan. Gallagher Benefit Services was awarded the contract for the Uniform Group Insurance Programs replacing Deloitte & Touche.

USERRA: Returning Reservists

Many PERS covered employees that were called into active duty during the past few years are returning to covered employment and are therefore covered under the provisions found in the Uniformed Services Employment and Re-employment Rights Act (USERRA).

A returning reservist may be entitled to have their credit while on active duty recognized by PERS for vesting and benefit eligibility purposes in the PERS Defined Benefit or Defined Contribution plans. A reservist should make application to PERS by submitting a written request for the above along with a photocopy of their DD214 form.

In addition, a returning reservist may be entitled to purchase the months while they were on active duty for the purpose of benefit calculation at NDPERS. For information on this, the reservist and their employer should complete a Purchase Agreement for USERRA Covered Military Active Duty SFN 17758. This form is available on our website at www.discovernd.com/ndpers.

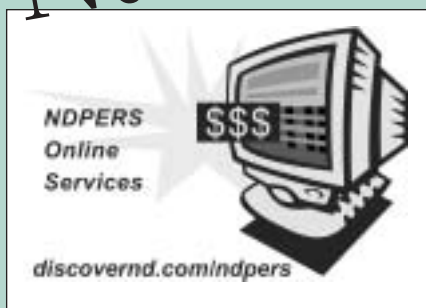
If you have any questions on these provisions, please contact PERS at (800) 803-7377 or (701) 328-3911 in the Bismarck/Mandan area.

Defined Contribution Plan	PERS	Defined Contribution Plan Elections: That surviving spouses and beneficiaries have similar options as members of the PERS hybrid plan. Specifically, surviving spouses could continue to elect a lump sum or a periodic payment. Non-spouse beneficiaries would be limited to taking a lump sum withdrawal.
Law Enforcement	PERS	Plan Eligibility Change: Change the definition of eligibility from 20 hours per week to 32 hours per week. Also members of the Law Enforcement Plan could not be participating concurrently in another PERS plan. This change is to prevent adverse actuarial costs to the plan and to insure that the law enforcement plan is for full-time law enforcement officers.
PERS & Highway Patrol	PERS	Change Definition of Final Average Salary: Change the definition of final average salary. This change would make the final average salary computation the average of the high non-consecutive 36 months out of the last 180 months. Present law is the high 36 months out of the last 120 months. This change would be effective in 2009.
PERS Highway Patrol	PERS	Additional Benefit Withdrawal Options: Add the following additional benefit withdrawal options: 1. Allow a member to take a partial lump sum benefit at retirement equal to one year's retirement benefit. The monthly retirement annuity would be actuarially reduced to recognize this up front payment. 2. Add a 20-year term certain benefit to the plan and eliminate the 5-year term certain option. 3. For the PERS plan level social security option, add a joint survivor benefit option.
Highway Patrol	PERS	Change Definition of Disability and Allow Employer Payment of Sick Leave: That the definition of disability for highway patrol officers be changed to provide that they would be disabled if they could no longer perform their duties as an officer. In addition, that the Highway Patrol be allowed to purchase sick leave for its retiring officers in the same manner as PERS employers.
Highway Patrol	PERS	Change Highway Patrol Confidentiality Provisions: To standardize the confidentiality provisions of PERS and the Highway Patrol by providing that PERS could share information between beneficiaries and seek lost members by publishing their names.
OASIS	PERS	Increases primary insurance benefits under the Old Age and Survivor Insurance System fund from \$906.62 to \$933.28 on August 1, 2005 and \$959.94 on August 1, 2006; appropriates \$23,000 from the general fund to PERS to pay Old-Age and Survivor Insurance System benefits to remaining beneficiaries.

UNIFORM GROUP INSURANCE PROGRAM

System	Sponsor	Description
Group Health Plan	PERS	Operational Changes: The following changes are proposed to the health plan statutes: 1. To allow PERS to accept and expend funds from other sources in addition to contributions. This change is proposed as a result of the new Medicare Rx law that may provide funds directly to health plans to assist with providing an Rx benefit to its retired members. 2. To allow PERS to negotiate with potential carriers on price and specifications. Present law only allows PERS to negotiate on price. 3. To allow PERS to self-administer the health plan. The purpose of this change is to provide the PERS board additional options that may make the plan more competitive in the market. Additional competition could result in better pricing for the plan. 4. To allow PERS to set up an independent provider network. PERS presently has a provider network but it is not portable. By allowing PERS to have a portable provider network it would create a more competitive environment for providing services to the PERS plan and could reduce premiums.
Group Health Plan	Senator Wardner	That for purposes of a provision allowing retirees who have accepted a retirement allowance from a political subdivision's retirement plan to elect to participate in the uniform group Insurance program without meeting minimum requirements, retirement allowance means a payment or payments to a participant of an employer-sponsored pension or retirement plan who terminated employment by retirement on or after achieving normal retirement age and who was vested in the employer plan at the time of retirement.
Group Health Plan	Senator Mathern	Requires the retirement board to contract with one or more non-domestic pharmacy benefits managers to facilitate the purchase of eligible Canadian prescription drugs by eligible employees and persons receiving retiree health benefits.
Group Health Plan	Senator Mathern	Allows any person who is without health insurance coverage to participate in the uniform group insurance program subject to minimum requirements established by the retirement board.

New!



On-Line Services Available

NDPERS is excited to announce that we now have available to our members the ability to access their individual retirement accounts. You may view your retirement account balance, annual statements, and access the tools needed to compute retirement and disability benefits. Prior to accessing NDPERS Online Services, you must have a North Dakota Logon ID. This is to ensure the security and privacy of your NDPERS member information. The North Dakota Logon ID will allow you to access various State of North Dakota online services and to access information regarding your NDPERS retirement account.

Registration is a ONE-TIME PROCESS. If you have already registered and obtained the North Dakota Logon ID, you do not need to register again. To register for NDPERS Online Services, go to the NDPERS web site and then Register for Log on ID under Online Services. If you need assistance, please contact NDPERS at ndpers-info@state.nd.us. If you are already registered and wish to access your individual retirement account, go to Log on under Online Services. If you forget your Logon ID or Password, just follow the on-screen instructions.

PLEASE BE ON THE LOOK OUT

In the near future, NDPERS will be mailing out a guide on the NDPERS On-line Services to your home address.

Smoking Cessation Program

Who is eligible?

All current state employees and their dependents age 18 and older who smoke or chew tobacco and want to quit are eligible to participate. County, city and other members of the NDPERS group are not eligible through this project; however, smoking cessation funds may be available at the local level.

What will be provided?

An initial assessment will determine how ready you are to quit, your smoking or chewing triggers and what type of nicotine replacement therapy, such as patches or gum, and/or prescription medication you may need. If prescription medication is recommended, you will need to visit your doctor.

In addition, individual, group or telephone counseling will be provided. Your program provider will call you on a quarterly basis to monitor your progress the first year after you quit.

How long do the programs take?

Most of the approved programs are eight weeks.

What does it cost?

Grant money will reimburse the smoking cessation provider \$200 after you complete the eight-week program. This covers the initial assessment, counseling and follow-up. Grant money will cover 75 percent of the cost of nicotine replacement therapy, such as patches or gum, and prescription medication. Grant money also

will cover 75 percent, but no more than \$50, of the cost of an office visit. You can expect to pay up to \$125 if you use the full \$500 medication allowance plus your portion if you make an office visit.

Your program provider may ask you to pay before you participate and reimburse you when you complete the program. They are not reimbursed by the smoking cessation project if you drop out.

When can I start?

You may start anytime during the following participation periods: July 1 to December 31, 2004; and January 1 to June 30, 2005. Coverage will be discontinued when the grant money is spent, so it is in your best interest to start as soon as possible.

What if I don't succeed the first time?

You are eligible to start the program once during each six-month period. If you start your program on June 30, for example, and resume smoking after a few months, you still are eligible to participate in the second and third six-month periods.

Who do I contact if I have other questions?

Contact BCBSND at 1-800-223-1704 or (701) 282-1400 if calling from the Fargo area or go to www.BCBSND.com/health/ndpersquit.

Program Payment Responsibilities

Description	Grant Payments	Participant Payments	Program Maximums
Counseling	\$200	see below*	\$200*
Medication	75% up to \$375	25% up to \$125	\$500
Physician office visit	75% up to \$50	25% up to \$16.67	\$66.67
Program Maximums	Up to \$625	Up to \$141.67*	Up to \$766.67

*Program providers may charge additional fees for counseling services. Ask your program provider for details prior to enrolling.

401(a) Defined Contribution Plan Fund Changes

In an ongoing effort to provide a diverse offering of quality investment options, the North Dakota PERS Board of Trustees periodically reviews and makes changes to your retirement plan investment options. After a detailed analysis of the investment options, the Board had decided to remove some investment options and to add other options in their place. The criteria used by the Board to make changes include monitoring funds for overall performance according to corresponding benchmarks, style, consistency, brand recognition, reasonable fund expenses and high-quality investment managers. The Board also strives to maintain an array of investments with different risk and return characteristics that give you the ability to diversify

your account according to your individual retirement planning needs.

The following funds will be added to the list of investment options available in your retirement plan as of August 1, 2004. Please see the enclosed Investment Options brochure for more information.

Fidelity Freedom 2005 Fund_{SM}
 Fidelity Freedom 2015 Fund_{SM}
 Fidelity Freedom 2025 Fund_{SM}
 Fidelity Freedom 2035 Fund_{SM}
 Dreyfus Mid Cap Index Fund
 Drefus Small Cap Index Fund
 PIMCO NFJ Small Cap Value
 Fund- Admin Class
 Spartan® Extended Market Index Fund*

The following funds will be removed from the Core Options available and existing balances will be mapped to new investment options in your retirement plan as indicated below on September 1, 2004. All future contribution allocations will also go to these new investment options. However, if you would like to continue to invest in the funds, they will only be available in the Mutual Fund Window.

CURRENT INVESTMENT OPTIONS

Strong Opportunity Fund
 Invesco Dynamics Fund
 Alger Small Cap Fund

NEW INVESTMENT OPTIONS

Mutual Shares Fund – Class A
 Fidelity Mid-Cap Stock Fund
 MSIF Small Company Growth Fund

You can get information about the Mutual Fund Window and the election form by contacting PERS at 1-701-328-3900 or 1-800-803-7377 or by accessing our web site at www.discovernd.com/ndpers and select “Deferred Compensation.”

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